

FISCAL NOTE

SB 557 - HB 822

March 31, 2003

SUMMARY OF BILL: Requires providers of bundled telecommunications services, (services that are combined and sold to the consumer in one transaction) whose products may have differing tax rates to identify the portion of the price attributable to each service subject to the tax for tax reporting purposes. If the provider is unable to do this, then all services will be taxed at the highest rate.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$180,603 Recurring
\$24,400 One-Time**

Other Fiscal Impact - To the extent telecommunication service providers choose to bundle services and can identify the applicable tax rate that applies to the services, there may be a decrease in state revenues. The amount of such decrease, if any, cannot be determined but could be significant.

Estimate assumes:

- The Department of Revenue would need two new auditors and two new employees in the Taxpayer Services Division to comply with the provisions of this bill.
- There would be one-time costs of \$24,400 associated with the hiring of the four new employees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director